

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 TRSE-00 AGR-05 COME-00 OMB-01

STR-04 SP-02 CIAE-00 INR-07 NSAE-00 L-03 ITC-01 EA-07

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DRAFTED BY EB/ICD/TRP:PPPILKAUSKAS:BLO

APPROVED BY EB/ICD/TRP:TJO'DONNELL

ARA/ECP:ABERRY

ARA/BR:RELTZ

USDA/FAS:LHURT

TREAS:WQUINN

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R 310150Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L STATE 190224

E.O. 11652: GDS

TAGS: ETRD, EAGR, BR

SUBJECT: COPERSUCAR--HILLS BROS. SUGAR DISTRIBUTION IN U.S.
U.S.

REF: BRASILIA 6426

1. CURRENT ADMINISTRATION SUGAR POLICY IS TO RELY ON THE OPEN MARKET. THE CURRENT SUGAR TARIFF IS 66 CENTS PER HUNDREDWEIGHT ON REFINED SUGAR OR 62.5 CENTS PER HUNDRED-WEIGHT FOR RAW SUGAR. THERE IS A HIGH GLOBAL QUOTA OF 7 MILLION SHORT TONS, WHICH LEGALLY MAINTAINS THESE STATUTORY TARIFF RATES. THE U.S. HAS NO OTHER RESTRICTIONS ON SUGAR IMPORTS.

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2. WE HAVE NO LEGAL OR OTHER OBJECTION TO COPERSUCAR PLANS

TO USE HILLS BROTHERS TO MARKET SUGAR IN THE U.S.

3. THE DEPARTMENT UNDERSTANDS IAA INTEREST IN SECURING A PORTION OF THE U.S. MARKET THROUGH THE ARRANGEMENT DESCRIBED IN REFTTEL, BUT IT SHOULD BE POINTED OUT THAT THE SALE OF ONE MILLION TONS OF REFINED SUGAR AT RETAIL THROUGH THE HILLS BROTHERS DISTRIBUTION NETWORK CLEARLY MIGHT UPSET U.S. REFINERS AND BEET SUGAR PROCESSORS. WHAT ACTIONS THEY TAKE CANNOT BE PREDICTED. EARLIER SUGAR ACTS ALL BUT PROHIBITED THE ENTRY OF REFINED SUGAR.

4. BRAZIL IS AT SOMEWHAT OF A DISADVANTAGE TO OTHER SUPPLIERS WHO NOW HAVE ACCESS TO THE U.S. MARKET THROUGH LONG TERM CONTRACTS, SUCH AS THE PHILIPPINES AND THE DOMINICAN REPUBLIC. INNOVATIVE APPROACHES BY BRAZIL TO BETTER ITS COMPETITIVE POSITION ARE TO BE EXPECTED.

5. POSTS MAY DRAW ON ABOVE IN DISCUSSIONS WITH IAA OFFICIALS. ANY FURTHER DETAILED INFORMATION ON COPER-SUCAR/IAA PLANS IS OF INTEREST TO WASHINGTON AGENCIES. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, EXPORTS, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE190224
Document Source: CORE
Document Unique ID: 00
Drafter: PPPILKAUSKAS:BLO
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760296-0689
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976071/aaaaaakl.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 BRASILIA 6426
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUL 2004 by CunninFX>; APPROVED <27 OCT 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COPERSUCAR--HILLS BROS. SUGAR DISTRIBUTION IN U.S. U.S.
TAGS: ETRD, EAGR, EPAP, BR, US, COPERSUCAR, HILLS BROS
To: BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006